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PAID UP OIL AND GAS LEASE (Restricted Surface Use)

THIS LEASE AGREEMENT is made effective this **April 15th, 2009**, by and between **WESTEX NATURAL RESOURCES, LP**, a Texas Limited Partnership, by **Westex Management LLC, General Partner, Steve Hawkins, President**, as Lessor, and **CIRCLE ENERGY**, address **P.O. Box 1261, Mansfield, Texas 76063** as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called "leased premises," for the purpose of drilling beneath "using directional or horizontal drilling methods only" without exploring, drilling or operating on the surface of the leased premises. Said leased premises being described as follows:

See Exhibit "A" & "B" attached hereto and made a part hereof

in Tarrant County, Texas, containing 29.941 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of two (2) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-fourth (1/4) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be one-fourth (1/4) of the gross proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at Lessor's address below or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mail in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other similar facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offer or, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

15. Except as provided and permitted herein, Lessee, its successors and assigns, for and during the term of this lease, is prohibited from entering onto the surface of the lease premises for any purpose whatsoever, it being understood and agreed upon by and between the parties hereto that this lease is being executed only for subsurface operations described in paragraph one, hereof or for pooling purposes described in paragraph six hereof. Lessee agrees that Lessee shall not enter upon or conduct operations of any kind on the surface of the lease premises at any time during the term hereof, except as permitted in paragraph 10 herein.

16. It is expressly agreed and understood that during any time within the primary term of this lease, Lessee does not sell lease to an "operator" Lessee will not be obligated to pay Lessor, therefore causing a termination of the assumed Lease agreement.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR(S)

Steve Hawkins, President of Westex Natural Resources, LP, a Texas Limited Partnership

Address: 7755 Bellaire Drive South
Fort Worth, Texas 76132

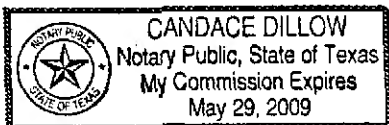
STATE OF TEXAS

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ACKNOWLEDGMENT

COUNTY OF Tarrant

This instrument was acknowledged before me on the 15th day of April, 2009, by Steve Hawkins, President of Westex Natural Resources, LP.



Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

Handwritten signature/initials.

EXHIBIT "A"

TRACT 1:

BEING 10.141 acres of land located in the S.C. Neill Survey, Abstract No. 1159, Tarrant County, Texas and being the tract of land described in the deed to High C. Starr, Jr., recorded in Volume 7013, Page 158, Deed Records, Tarrant County, Texas, Said 10.141 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a point lying in the center of County Road No. 2011 and lying South 29 degrees 47 minutes 38 seconds East 4826.17 feet and North 60 degrees 12 minutes 22 seconds East 2562.51 feet from the Northwest corner of W.C. Lowe Survey, Abstract No. 970, Tarrant County, Texas; THENCE South 04 degrees 54 minutes 41 seconds West, along said County Road No. 2011, a distance of 264.32 feet to a point; THENCE North 89 degrees 48 minutes 05 seconds West, at 24.90 feet passing a 5/8 inch iron rod found, in all a distance of 1751.08 feet to a 5/8 inch iron rod found, lying in the East line of a tract of land described in the deed to Mansfield Park: Facilities Development Corporation, recorded in Volume 11246, Page 1887, Deed Records, Tarrant County, Texas; THENCE along said East line of Mansfield Park tract as follows: North 00 degrees 09 minutes 48 seconds East, at 0.21 feet passing a point from which an 1/2 inch iron rod found bears North 89 degrees 50 minutes 12 seconds West 1.30 feet, in all a distance of 104.11 feet to a 5/8 inch iron rod found; North 60 degrees 09 minutes 41 seconds East, a distance of 319.86 feet to a 5/8 inch iron rod found, being the Southwest corner of a tract of land described in the deed to Hugh C. Starr, Sr., recorded in Volume 7013, Page 184, Deed Records, Tarrant County, Texas; THENCE South 89 degrees 48 minutes 51 seconds East, along the South line of said Starr, Sr. tract, at 1478.34 feet passing a 5/8 inch iron rod found in all a distance of 1495.30 feet to the POINT OF BEGINNING and containing 10.141 acres of land, more or less.

TRACT 2:

BEING 11.369 acres of land located in the S.C. Neill Survey, Abstract No. 1159, Tarrant County, Texas and being the tract of land described in the deed to High C. Starr Sr., recorded in Volume 7013, Page 184, Deed Records, Tarrant County, Texas. Said 11.369 acres of land being more particularly described by metes and bounds as follows: BEGINNING at a point lying in the center of County Road No. 2011 and lying South 29 degrees 47 minutes 38 seconds East 4826.17 feet and North 60 degrees 12 minutes 22 seconds East 2562.51 feet from the Northwest corner of W.C. Lowe Survey, abstract No. 970, Tarrant County, Texas; THENCE North 89 degrees 48 minutes 51 seconds West, at 24.96 feet passing a 5/8 inch iron rod found, in all a distance of 1495.30 feet to a 5/8 inch iron rod found lying in the East line of a tract

of land described in the deed to Mansfield Park Facilities Development Corporation, recorded in Volume 11246, Page 1887, Deed Records, Tarrant County, Texas; THENCE North 60 degrees 28 minutes 37 seconds East along said Mansfield Park tract, a distance of 513.89 feet to a 5/8 inch iron rod found, being the Southwest Corner of a tract of land described in the deed to John A. Kuethe and wife, Nancy S. Kuethe, recorded in Volume 13047, page 375, Deed Records, Tarrant County, Texas; THENCE North 74 degrees 14 minutes 12 seconds East, along the South line of said Kuethe tract, at 1114.53 feet passing a 5/8 inch iron rod found, in all a distance of 1140.23 feet to a point lying in the center of said County Road No. 2011, an 1/2 inch iron rod found, stamped '4019' bears North 4 degrees 54 minutes 41 seconds East 2.54 feet, said 1/2 inch iron rod being the Northwest corner of a tract of land described in the deed to Mario Flores and wife, Esmerelda Flores, recorded in Volume 10369, Page 1656, Deed Records, Tarrant County, Texas; THENCE South 04 degrees 54 minutes 41 seconds West, along said County Road No. 2011, a distance of 570.59 feet to the POINT OF BEGINNING and containing 11.369 acres of land, more or less.

TRACT 3:

Being 8.431 acres of land situated in the Samuel C. Neil Survey, Abstract 1159, Tarrant County, Texas and being a portion of Tract 2 as described in Volume 13047, Page 375, Deed Records, Tarrant County, Texas. Said 8.431 acres being a portion of Lot 2, Block 1, of the KEUTHE ADDITION, recorded in Cabinet A, Slide 5281, Plat Records, Tarrant County, Texas, and more particularly described as follows: NOTE: Bearings herein are oriented to the call (South 74 degrees 16 minutes 09 seconds West). Along the South line of Tract 3 as recorded in Volume 13047, Page 375, Deed Records, Tarrant County, Texas; BEGINNING at a 1/2 inch iron rod found at a fence corner at the southwest corner of said Tract 2, the Southeast corner of a City of Mansfield Tract, recorded in Volume 11246, Page 1887, and in the North line of a H. Starr Tract, recorded in Volume 1033, page 1161, Deed Records, Tarrant County, Texas; THENCE North 30 degrees 18 minutes 47 seconds West along and with the East line of said City of Mansfield Tract and generally with a fence, 280.10 feet to a 1/2 inch iron rod set; THENCE North 60 degrees 56 minutes 02 seconds East, 196.31 feet to a 1/2 inch iron rod set; THENCE North 75 degrees 01 minutes 30 seconds East 856.51 feet to a 1/2 inch iron rod found at a fence corner at the Southwest corner of Tract 1 as described in Volume 13047, Page 375, Deed Records, Tarrant County, Texas; THENCE South 86 degrees 05 minutes 31 seconds East along and with said Tract 1 and generally with a fence 227.89 feet past a 1/2 inch iron rod set in the West right-of-way line of South Holland road and at a total distance of 254.93 feet a point in the centerline of South Holland Road; THENCE South 03 degrees 21 minutes 37 seconds West, along and with the centerline of said South Holland Road, 232.15 feet to a point at the Northeast corner of a H. Starr Tract, recorded in Volume 7013, page 184, Deed Records, Tarrant County, Texas; THENCE South 74 degrees 16 minutes 09 seconds west, along and with the North line of said H. Starr Tract, at 26.80 feet past a 1/2 inch iron rod set and continuing along and with the North line of

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said Starr Tract and generally with a fence, L114.1 feet to the POINT OF BEGINNING.
containing 8.431 acres of land, more or less.

SAH

EXHIBIT "B" (Vista National Mansfield)

Attached to and made a part of that certain OIL, GAS AND MINERAL LEASE dated April 15th 2009, between WESTEX NATURAL RESOURCES, LP, a Texas Limited Partnership, by Westex Management, LLC, General Partner by Steve Hawkins, President as Lessor, and CIRCLE ENERGY, INC., as Lessee.

1. AGREEMENT SUPERSEDED

The provisions of this Exhibit A supersede any provisions to the contrary contained in the lease to which this Exhibit is attached.

2. LEASE BONUS

The cash consideration for Lessor's signing of this lease is a sum equal to \$5,500.00 for each acre of land covered by this lease, to be paid in cash, bank wire, or cashier's check concurrently with the signing of this lease.

3. OIL AND GAS ONLY FROM PRODUCING FORMATIONS

Notwithstanding any other provision of this lease, this lease covers and includes oil and gas only (including with oil and gas, all constituent elements thereof and all other liquefiable hydrocarbons and products of every kind or character derived therefrom and produced therewith from the well bore, including sulphur), and that all minerals other than oil and gas are excepted from this lease and reserved by Lessor. Solid minerals, such as iron, coal, sand, gravel, clay, uranium and sulphur (apart from sulphur produced through the well bore) are excluded from this lease. At the expiration of the primary term this lease shall terminate as to all depths and formations 150 below the stratigraphic equivalent of the deepest producing formation. If the lease is being maintained by the payment of shut-in royalties, then the lease shall terminate as to all depths 150 feet below the Barnett Shale Formation.

4. ROYALTY

(a) The royalty on gas shall be computed on the gross proceeds received by Lessee from a third party purchaser. Lessee shall not make any deduction for, and shall bear, all costs and expenses of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, marketing, marketing fees or commissions and otherwise making the production ready for sale, transportation or use (collectively, "post-production expenses").

(b) For the purpose of computing oil royalties hereunder, the gross proceeds received by Lessee shall include all bonus or premium amounts, in addition to posted prices, received or reasonably available to Lessee, or any affiliate of Lessee, upon resale.

5. SHUT-IN ROYALTY

It is expressly agreed and understood that after the expiration of the primary term of the lease, the lease may be maintained in force solely by the payment of shut-in royalties for a period not to exceed 2 years.

6. POOLING

Notwithstanding the provisions of Paragraph 4 of the lease, if Lessee shall pool the leased premises, any unit so formed shall not exceed 160 acres unless greater acreage is allowed under Statewide Rule 86 promulgated by the Texas Railroad Commission relating to horizontal drain holes or otherwise agreed in writing by Lessor. If Lessee elects to pool, Lessee shall pool all of the acreage in this lease to be included in such unit.

If the leased premises are included in a pooled unit or units, then, at the expiration of the primary term, only the land that is included in a pooled unit or units shall continue to be held by the lease. The balance of the acreage shall revert to Lessor.

7. NO USE OF SURFACE OR WATER

Notwithstanding any other provision of this lease, Lessee shall not enter upon nor use any of the leased premises for drilling on the surface or for any other surface or pipeline operations such as (but not limited to) storing any equipment, materials, or supplies related to drilling operations or pipelines, or for any staging, housing, or transportation of personnel. Any subsurface drilling or operations by Lessee shall in no manner interfere with the surface or subsurface support of any improvements constructed or to be constructed on the Property. Lessee shall not use any water located on or beneath the surface of the leased premises for drilling, water injection, saltwater injection, secondary recovery, or other operations.

Lessee shall not transport gas of a third party or gas produced below the leased premises across the leased premises without a separate written right-of-way agreement.

8. LEGAL COMPLIANCE

Lessee shall conduct all operations under this lease in accordance with the rules and regulations of the Railroad Commission of Texas and the City of Fort Worth (if within the city limits), and Lessee shall strictly observe and comply with all local, state and federal environmental laws and regulations dealing with its operations below or relating to the leased premises.


9. INDEMNITY



Lessee, at its sole cost and expense, agrees to defend, indemnify, and hold Lessor harmless from and against any and all actions, claims, demands, causes of action, damages (including, but not limited to, remedial actions), fines, administrative and judicial proceedings, judgments, orders, enforceable actions, expenses and costs of any kind or character, including (but not limited to) reasonable attorney fees, arising out of or in any way connected with Lessee's operations on the leased premises or on the land with which the leased premises are pooled or unitized. Prior to the commencement of any drilling or operations on or below the leased premises or the land with which the leased premises are pooled or unitized Lessee shall cause its insurance carrier to furnish Lessor with a certificate that names Lessor as an additional insured on the insurance coverage obtained by Lessee under Section 15-41 of the Code of Ordinances of the City of Fort Worth relating to Lessee's operations on the leased premises or on the land with which the leased premises are pooled or unitized, or satisfying the same requirements as stated in such ordinance if all of the leased premises and the land with which the leased premises are pooled or unitized are located outside the city limits of the City of Fort Worth. Lessee shall continue to provide Lessor with proof of such insurance coverage for a period of three (3) years after the cessation of any operations on the leased premises or the land with which the leased premises are pooled or unitized.

10. BINDING EFFECT

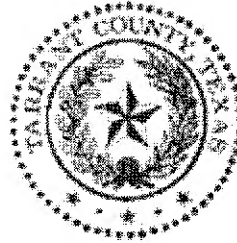
This lease shall be binding on the parties hereto and their successors, assigns, heirs, and legal representatives.



CIRCLE ENERGY INC
PO BOX 1261

MANSFIELD TX 76063

Submitter: CIRCLE ENERGY INC



SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 04/16/2009 02:24 PM
Instrument #: D209101626
LSE 9 PGS \$44.00

By: _____



D209101626

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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